CORRESPONDENCE.

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KOOTENAY RECLAMATION SCHEME.

46 QUEEN VICTORIA STREET,
LONDON, E. C., February 17th, 1890.

The Hon. the Chief Commissioner of Lands and Works,
Victoria.

SIR,—I have the honour to draw your attention to an advertisement, of which I beg to enclose a copy, by which Mr. J. C. Rykert applies for permission to purchase 640 acres of land in the Lower Kootenay Valley (West Kootenay), which land is covered by the Government reserve placed by your Government in behalf of the Kootenay Syndidate (Ld.) on certain lands in that valley, and against the purchase price of which over $7,000 have already been paid to your Government, and the other conditions of the concession duly carried out.

I have, etc.,
(Signed) W. A. BAILLIE-GROHMAN,
Man. Dir. Kootenay Valleys Co. (Ld.).

[ENCLOSURE.]

"*Kootenay Star*," *January 16th, 1890.*

Notice is hereby given that I intend to apply to the Chief Commissioner of Lands and Works to purchase 640 acres of land in the west division of Kootenay District, commencing at a post on the left bank of Kootenay River at the international boundary line; thence west 80 chains along said line; thence north 80 chains; thence east 80 chains, more or less, to Kootenay River; thence southerly, following the bank of said river, to the initial point.

J. C. RYKERT, JR.

Custom House, Kootenay River,
December 11th, 1889.

46, QUEEN VICTORIA STREET,
LONDON, March 28th, 1890.

Honourable the Chief Commissioner of Lands and Works,
Victoria, B.C.

SIR,—I am directed, for the purpose of making the necessary financial arrangements, to enquire of you when the contemplated Government Waggon Road from Sproat's Landing to Nelson in West Kootenay District will be completed, and whether it will be possible to take heavy engineering plant over it.

Our Consulting Engineer and our Managing Director report that at present it is quite impossible to get the plant, rails, etc., required for the reclamation works at the "Rapids" and "Narrows" on Kootenay Lake Outlet, which plant is being ordered at Brantford (Ontario), from there *viâ* the Canadian Pacific Railway to the spot, as even pack-horses could not get there last autumn.

Our Managing Director is about to start for British Columbia, but I beg you will be good enough to direct your reply here.

I have, &c.,
(Signed) ARTHUR FELL,
Secretary.

VICTORIA, B.C., April 16th, 1890.

SIR,—I am desired by the Honourable Chief Commissioner of Lands and Works to acknowledge the receipt of your letter of the 28th ultimo, and in reply to state that he cabled you to-day as follows:—

"Your letter 28th March received. Government consider your agreement respecting "Lands B" cancelled. Letter to Grohman sent 11th inst."

Enclosed I send you a copy of the letter to Mr. Grohman referred to.

Touching the inquiry respecting a waggon road from Sproat's Landing to Nelson, I have the honour to inform you that such a road will probably not be built, but that the construction of a railway will most likely be commenced shortly and completed by next autumn, a franchise having been granted by the Legislature with that object in view.

I have, &c.,
(Signed) W. S. GORE,
Surveyor-General.

Arthur Fell, Esq., Sec. Kootenay Valleys Co. (Limited),
46, Queen Victoria Street, London, E.C., England.

[ENCLOSURE.]

VICTORIA, B.C., April 11th, 1890.

SIR,—I have the honour to call your attention to the fact that the provisions of the agreement, dated 30th October, 1886, between the Kootenay Syndicate (Limited), yourself, and this Government, relative to the survey and reclamation of "Lands B" within a stipulated time after the completion of the canal, and the diligent prosecution of the works incidental thereto, have not been complied with.

I have further to inform you that it is the intention of this Government to cancel the said agreement, and to rescind the land reservations in connection therewith unless your Company can show, without delay, good and satisfactory reasons why this should not be done.

I have, &c.,
(Signed) F. G. VERNON,
Chief Commissioner of Lands and Works.

W. A. Baillie-Grohman, Esq., Manager Kootenay Valleys Co. (Limited),
46, Queen Victoria Street, London, E.C., England.

[TELEGRAM.]

LONDON, April 24th, 1890.

To Vernon, Chief Commissioner.

Kootenay Directors protest strongly. All conditions observed. Cancelling not justified. Grohman sailed yesterday.
FELL.

46, QUEEN VICTORIA STREET,
LONDON, 3rd May, 1890.

F. G. Vernon, Esq., Chief Commissioner of Lands and Works,
Victoria, British Columbia.

SIR,—I have to acknowledge receipt of your letter of April 11th, addressed to the Managing Director of this Company, drawing his attention to the fact that the provisions of the agreement of the 30th October, 1886, between the Kootenay Syndicate (Limited) (now owned by this Company), and your Government, relating to the survey and reclamation of "Lands B," have not, in the opinion of your Government, been complied with, and that it is the intention of the Government to cancel the agreement and rescind the land reservation unless we can show reasons why this should not be done.

The matter will come before my Directors at the earliest possible opportunity. Meantime I should inform you that Mr. Baillie-Grohman sailed on the 22nd of last month, his departure having been delayed by serious illness, and he has doubtless communicated with you on the matter.

My Directors I am sure will not submit to such a confiscation of the shareholders' property as you threaten. The only breach of the agreement of which I am at present aware is the unwarrantable delay in the issue of patents for the land, which should have been given to this Company immediately on the completion of the canal last year, and I believe some of the Crown grants to it are still not issued.

I believe this Company has strictly carried out on its part the agreement in every particular.

I am, &c.,
(Signed) A. FELL,
Secretary.

VICTORIA, B.C., May 15th, 1890.

Hon. Chief Commissioner of Lands and Works, Victoria.

SIR,—In reply to your letter of 11th April, I have the honour to inform you that the Directors of this Company, immediately on receipt of your notification, sent me out here to place before your Government the strongest possible protest at the contemplated concellation of the agreement of 30th October, 1886. This Company has carried out in a bona fide spirit every condition imposed in the said agreement, and I have the honour to enclose for your inspection the following documentary proofs :—

1. A report upon "Lands B" reclamation scheme made by Mr. R. Pickering, of the firm of Pickering & Compton, civil engineers, of Whitehaven, England, who at the expense of this Company examined on the ground the details of the scheme in September and October of last year.

2. Mr. Pickering's receipt for $110 paid him by this Company on August the 28th, 1889, on account of his travelling expenses (not including his fee, of course).

3. Copies of two receipts (originals are in my hands) of Mr. C. W. Busk, M.I.C.E., the Company's engineer, for $275, paid him by this Company on August the 13th, 1889, for making a commencement of surveys of "Lands B," preparing estimates for tenders which were subsequently (in October) called for by advertisements in numerous newspapers and for commencing work, that is clearing the site from timber during the fall of 1889.

4. A letter from the Bank of British Columbia proving that I made the said payments to Mr. Pickering and Mr. Busk by cheque.

5. One of many letters from Mr. Pickering to this Company relative to the commencement of said works early in the spring of this year.

6. Two plans of plant (end and side tipping waggons) required for the reclamation works ordered by this Company at the Midland Railway and Waggon Company of Birmingham, besides which I can furnish numerous other letters showing that this Company has bona fidely complied with all conditions of the agreement.

7. For a final proof that the surveys of "Lands B" have been commenced "*on or before the 1st of November, 1889,*" I beg to refer you to your own Departmental Archives. By the *first* agreement respecting "Lands B," dated 10th of December, *1883*, a commencement of surveys of "Lands B" was required within a time limit of four years, and such commencement was actually made by Mr. L. C. Hill, M.I.C.E., of London, England, by special written permission of the Hon. Mr. Smithe, Chief Commissioner of Lands and Works, to make such surveys at the cost of the Kootenay Syndicate, and to report upon the whole scheme His field-notes, etc., I deposited, as required by the said agreement of 10th December, 1883, with the Honourable Mr. Smithe, and among them there is the record of initial surveys of "Lands B."

For another (and I claim good) reason do I maintain that the contemplated cancellation of the agreement of 30th October, 1886, would be contrary to equity, namely I have been officially informed by your Department that you issued on the 25th of April, 1889, to Colonel James Baker, Crown grants for 2,320 acres of "Lands A" (Lots 125 and 128), which blocks were included in the *26,983 acres* of "A" lands, which by your letter to me of 27th of

August, 1889, you formally agreed to convey to this Company, and have Crown grants issued "without delay." On the strength of this official letter from you we have dealt with these lands now conveyed to Col. Baker, and not only will it be difficult to rescind the deal, but we shall lose a considerable advance upon the price at which Colonel Baker paid us for them. By clause 10 of the agreement of 30th of October, 1886, Colonel Baker's right to acquire these 2,320 acres only continued to exist "*within the period fixed for the completion of the canal*," so that by issuing these Crown grants to Colonel Baker on April the 25th, 1890, I would understand till differently informed that your Government put on record that the period fixed for the completion of the canal had not expired on the last named day, consequently as our reclamation works of "Lands B" have to be commenced only within three months after canal completion, the time within which we are to begin work cannot really be considered to have expired until on or after 25th of July, 1890. However, if you will be good enough to write me a letter stating that the aforementioned explanation and documentary proofs have been considered good and satisfactory reasons why the agreement of 30th October, 1886, should not be cancelled, this Company will continue the work, at once order the plant to the ground, and in due course make payment for the balance of the purchase money of said "Lands B," the sum of $7,054 having already been paid to your Government as part payment for "Lands B" by this Company. Awaiting your early reply.

I have, &c.,
(Signed) WM. A. BAILLIE-GROHMAN.
Managing Director Kootenay Valleys Co. (Limited.)

VICTORIA, B.C., May 17th, 1890.

SIR,—I am requested by the Honourable Chief Commissioner of Lands and Works to inform you that the Government have had under consideration your letter of the 15th inst., and that it has been decided to accept your explanations as evidence of the bona fides of your Company with respect to the fulfilment of the spirit of the stipulations of the agreement of 30th October, 1886.

The Government will offer no further objection to your proceeding with the reclamation of "Lands B," but desire to impress upon your Company the necessity for commencing without delay, and actively prosecuting the works in accordance with the terms of the agreement.

I have, &c.,
(Signed) W. S. GORE,
Surveyor-General.

Wm. A. Baillie-Grohman, Esq., Managing Director,
Kootenay Valleys Co. (Limited), Victoria, B.C.

VICTORIA, 27th May, 1890.

Hon. Chief Commissioner of Lands and Works,
Victoria.

SIR,—I have the honour to acknowledge receipt of your letter of 17th inst., in which you inform me that the Government have resolved not to cancel the agreement of 30th October, 1886, respecting "Lands B," and pointing out to me the necessity of commencing the works at once, and I beg to inform you that I ordered the necessary plant, etc., at the Albion Iron Works here the day I received your letter, and that the Manager informs me that my order was filled at once and the goods sent off last Saturday, as he happened to have the goods in stock. The work will proceed the very earliest moment the water, which is now at its highest, will permit it. In the meantime, I am having the clearing of the ground completed and houses for the workmen erected.

I have, etc.,
(Signed) W. A. BAILLIE-GROHMAN,
Man. Director Kootenay Valleys Co., Ld.

VICTORIA, B. C., July 2nd, 1890.

Hon. Chief Commissioner of Lands and Works,
Victoria.

SIR,—In reply to your request to receive from me a copy of the Privy Council Order respecting the construction of the canal and the lowering of the Kootenay River and Lake by our reclamation works at the outlet, I have the honour to hand you enclosed a copy of the document, as well as one of Mr. R. Pickering's reports upon the scheme, and in accordance with which the works are now being carried out. From the latter you will perceive that it is not our intention to deepen the outlet, but to *widen* it down to low water level, giving the freshet water, which causes the overflow of the lands, an increased escape. Navigation will in no part of the river be interfered with by the works, which will leave the existing low water level quite untouched. I have written to our engineer at Nelson, who has charge of the works, for copies of the plans, etc., and will send them to you as soon as I receive them.

With regard to the date (30th August) mentioned in the Privy Council Order as being the latest period to which the gates should be left in the canal lock, I would draw your attention to a letter I wrote, at the request of the Minister of Public Works, to Hon. Mr. Smithe, the then Chief Commissioner of Lands and Works, dated 30th June, 1886, which will give you the required information, *i. e.*, that the only reason why the gates were to be kept closed after August 30th was the apprehension that the increase of water in the Columbia would, after that date, damage the hay certain of the settlers in the Columbia Valley alleged they were in the habit of cutting on the swamps on the Columbia River,—a consideration which experience since has proved to be perfectly needless, for the swamps in question remain swamps until the frost makes the hay cut thereon valueless. I may add that the settlers in the Columbia Valley are now very anxious to have the lock gates open all the year round, as the inflow from the Kootenay (always under control by the lock) would benefit the navigation of the Columbia very materially, making steam navigation possible some weeks earlier in spring and some weeks later in the fall, a circumstance which is now becoming of great importance, in consequence of the fact that the only ore supplies for the smelter now being erected at Golden are derived from mines up the river, which are *entirely* dependent upon steamer navigation, so that six weeks' longer navigation of the river, which at present is only navigable for about three months, means a good deal. A petition to the Dominion Government, praying for permission to be granted to this Company to have the lock gates open all the year round, is now being circulated, and as I understand that the Dominion Government Engineer here entertains the opinion that such permission may be granted with safety, I should be glad to hear if your Government, provided such permission be granted by the Dominion Government, would raise any objection to a cancellation of clauses 2 and 3 in our agreement of 30th October, 1886, in return for which this Company would be prepared to forego the right to collect tolls, as granted in clause 4.

I have, etc.,
(Signed) WM. A. BAILLIE-GROHMAN.

[ENCLOSURE.]

Certified Copy of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Administrator of the Government in Council, on the 25th August, 1886.

On a memorandum, dated 20th August, 1886, from the Minister of Public Works, stating that Mr. Wm. A. Baillie-Grohman, acting on behalf of a company known as the Kootenay Syndicate, Limited, has represented to the Government that his company has obtained from the Government of British Columbia, in order to promote the early development of Kootenay District, a partially free grant of the swamp and bottom lands lying along the Kootenay River, in the Province of British Columbia, on the condition that the lands shall be reclaimed from overflow and colonized within a limited time, and that, to effect this, permission has been given, subject to the consent of the Dominion Government, to construct a canal between the Upper Kootenay River and the Upper Columbia Lake (a distance of about one mile), and to lower the level of Kootenay Lake by widening and deepening its outlet, and Mr. Grohman now applies for the consent of the Dominion Government. The Minister further states that his Chief Engineer reports that the object of the first work is to make a continuous steamboat

navigation between Golden City Station, on the Canadian Pacific Railway; Kootenay City, at the head of the Columbia Lake; and down the Kootenay to the boundary line, or so far as that river is navigable, making a total distance of navigable water of about 200 miles; that objections to the scheme having been raised by residents on the Columbia, on the ground that their lands would suffer by turning the Kootenay waters into the Columbia River, Mr. Grohman has so far modified his scheme as to offer to guarantee, under pain of forfeiture of permissions given, that his company shall so construct its works, viz., the canal and the widening of the Kootenay's outlet, that the level of the Kootenay shall not at any season of the year, or at any point of its course, be lowered below the ordinary low water level at present in existence; and that with reference to the canal he is prepared to undertake, under a suitable penalty, to keep the gates or lock of the canal permanently closed after the last day of August, except at such intervals when steamers or other craft may pass through the canal. That his Chief Engineer further reports that, having gone through the papers in this matter and received from Mr. Grohman his explanation of the wishes of his company and the works to be executed by it, he, the Chief Engineer is of the opinion that the permission asked for might be granted, reserving to the Crown the whole of the rights in the navigation of the rivers mentioned, and not permitting Mr. Grohman or his company to assume any control, or the right to interfere with navigation of the river by other persons or companies, except in so far as the payment of tolls or dues for passing through the canal between the Kootenay and the Columbia, which tolls and dues should be subject to the approval of the Governor in Council.

The Minister, upon the report of his Chief Engineer, recommends that permission be given to Mr. Grohman to carry out his modified scheme, subject to the conditions mentioned by the Chief Engineer.

The Committee advise that permission be given accordingly.

(Signed) JOHN J. MCGEE,
Clerk, Privy Council.

[ENCLOSURE.]

WHITEHAVEN, CUMBERLAND, October 25th, 1889.

To W. A. Baillie-Grohman, Esq., Managing Director,
Kootenay Valleys Company (Limited), 46, Queen Victoria Street, E.C.

DEAR SIR,—In accordance with your instructions, dated 28th August last, I proceeded to the Lower Kootenay Valley, British Columbia, and was there during the latter part of September and the early part of the present month of October.

I was much impressed by the almost certain great future for this part of the Province.

With Mr. Busk, M.I.C.E., who kindly assisted me, I particularly examined the "Rapids" about two miles down stream from the City of Nelson on the Kootenay Lake Outlet.

At some remote period a very extensive Glacial terminal Moraine has choked the River at these Rapids. This state of things has evidently called into existence the great alluvial flats bordering on the Lower Kootenay River, which you propose to reclaim from overflow. In the course of time the River, forming the sole outlet of the Lake, has cut itself a narrow channel through the Moraine as we now see it, with the result that, during a considerable portion of the year, the alluvial flat lands alluded to are clear from water, but in time of high water or the snow melting period of the year they are inundated, and worse than all, they are inundated at a season of the year of the greatest growth.

I am of opinion that if the waterway at these Rapids, where they commence, were to be *widened from the lowest water level attainable* to the extent shewn on the plan and section prepared by Mr. Busk, that the effect would be a considerable lowering, during the snow melting periods in the mountains, of the level of the water in the Outlet River and of the Kootenay Lake proper, and, consequently, also of the level of the Lower Kootenay River, on the banks of which your land lies.

I also think the widening shewn on the section referred to would be amply sufficient at this part of the River.

I also think that the first remedial work should be the widening of these Rapids.

I carefully examined what is called the First Narrows on the Outlet Kootenay River, about 3½ miles down stream from the Kootenay Lake proper; the River course here will almost certainly require widening, and if so should be the second remedial work, and practically should be on the same lines as the Rapids from the lowest water level attainable.

There are other small works of widening and clearing at other parts of the Outlet River which might need to be carried out in the future; such, for instance, as the small Island near Mr. Busk's camp, and near the Lake Kootenay proper. This Island might have its top excavated off to the lowest water level attainable; and the gravel, etc., barged out and deposited in a deep part of the Lake proper.

At other obstructive points on the Outlet River some timber and brush might be removed, and some little excavating, and removal of projecting points to give the flood waters a better chance of getting rapidly away, thus preventing such a great rise in the snow melting period of the year.

The obstructive material at the First Narrows, equally with the Rapids, is of ancient Moraine matter; the same holds good in all obstructive projecting points on the Outlet River.

The material to be removed in the widening of the Rapids is of the roughest possible description, two-thirds probably being boulders and angular blocks or primitive rock, and one-third smaller material of the same origin mixed with gravel.

It occurred to me whilst examining the Rapids that the most efficacious and economical method of removing the *débris* was of the first importance. Mr. Busk mentioned that you thought a travelling derrick would be one of the necessary plant, and to run the materials in waggons, I presume, to high land on the Moraine beyond the Waterway.

On studying this question, I think if you laid simple tramways of light steel or iron rails, with handy end-tipping earth waggons of English pattern, to contain about $1\frac{1}{2}$ cubic yards or so, and run the material into the first or highest rapids, it is extremely probable that the current would roll it away down the rapids without injury to the discharging power of the River; any extremely large angular blocks might be retained *pro tem.*, until by a tentative experiment it was proved as aforesaid.

With respect to the method of dealing, that is, removing the materials from the Moraine bluffs projecting into the River course at the First Narrows, I have formed an opinion as to the most prudent mode of procedure, but remembering that the work near the Rapids is only now in contemplation, I deem it unnecessary to go further into the question in this report.

I have slightly examined the alluvial flats or lands bordering on the Lower Kootenay River, and was much impressed with the immense depth of alluvial soil under them. Some considerable embanking will be required along the edges of the Creeks leading into the Kootenay River across these flats, but this will not, I presume, be expensive, as the materials to be dealt with are all loamy matter.

A complete and detailed survey of these flats seems to be necessary to show where these embankments are necessary.

These embanking works along the Creeks need not be done till after the widening works are done in the Outlet River.

I am informed that you contemplate letting the works at the Rapids out by contract. I think, from a very lengthened experience, I can say that I would employ an engineering agent; let him purchase plant for you and also labour, paying all labour by the hour. Your money skilfully administered by an honest skilful man would get the work more cheaply and rapidly done than by any contractor. In this way you can remove as much or as little of the material as may be deemed expedient without being trammelled by a contract, and the many issues that may arise out of it.

The earth waggons might be made at the saw-mill on the River; but the iron work—wheels, axles, and other fittings—should be obtained from Britain, the United States, or from a manufacturing district in Canada.

A plan of an earth waggon should be given them to work from.

I think it is probable that the expense of the work at the Rapids will be about as follows:

18,750 cubic yards at 60 cents. per yard	= $11,250.00	or £2,250
Contingent expenses, such as plant and superintendence, travelling expenses, camps, etc.....	2,500.00	or 500
	$13,750.00	£2,750

NOTE.—A small sum has been only put down for Superintendence, etc., but the plant would, on the completion of these first works, be an asset; and would be available for dealing with the First Narrows widening; if not so employed, the plant would command a ready sale to the Mining Companies in the District.

A good camp would have to be formed on the Moraine near the Rapids.

I observed that whilst the proposed remedial works would reclaim the flat lands within the Province of British Columbia, a very large amount of flat alluvial land in the United States further up the River from the international boundary line would be equally benefited; the question whether the United States Government should be asked to contribute is a matter worthy of consideration.

The extreme fertility of the land you propose to reclaim is beyond question; if the flood water was kept off, it would out-rival the famous Dutch flats in Holland.

It may be asked, is there a market, or a probable market for the vast production of food these flat lands could grow? There is already a fast increasing demand in the Kootenay Valleys for both human and cattle food. The mines are proving rich, and a smelter is to be put up forthwith at the Blue Bell Mines, which will firmly establish a vast series of mining camps.

During this Autumn vast herds of cattle were being driven in from the parched districts of Montana to browze on the succulent and rank herbage of these flat lands.

During my visit to the Valleys, although not coming within the pale of my instructions, I ascertained, both by personal observation and reliable testimony, that the mineral wealth of these Valleys is enormous—gold, silver, copper and galena (lead) prevailing.

Some of the ores carry as much as 3,500 ounces of silver to the American ton of 2,000 lbs. At present none but ore yielding upwards of 100 ounces of silver, besides copper, to the American ton is dispatched to Helena, Butte, Denver, and New York to be smelted, first by mule trains or packs to the River, where there is a splendid stretch of about 220 miles of navigation in River and Lake, then by a rough waggon road of 33 miles through the primeval forest from Bonner's Ferry to "Kootenai" Station on the Northern Pacific Railway.

The present cost of transit from the mines to the railway is about $25 per ton; to this must be added the railway freight.

The vein of galena bearing a fair amount of silver at the Blue Bell Mines, close to the Lake proper, bids fair to be the most productive on record so far as quantity is concerned, but until railways are laid down or the smelter erected, these ores must lay in the dump.

I am, however, of opinion that as these Valleys are situated about midway between two great transcontinental railway systems—the Canadian Pacific on the north, and the Northern Pacific on the south—the time is not far distant when active competition in the matter of railway accommodation for these Valleys will take place.

Already lines have been projected from Revelstoke down the Columbia River Valley and up the Kootenay Valley to the neighbourhood of the Toad Mountain Mines, a few miles from the site of the reclamation works.

The erection of smelters also is almost a matter of course in the Valleys.

I am, &c.,
(Signed) RICHARD PICKERING.

KOOTENAY RIVER, Sept. 12th, 1890.

Hon. Chief Commissioner of Lands and Works,
Victoria, B.C.

SIR,—I am to-day informed by Mr. Baillie-Grohman, that he is going to lay off my pre-emption, or what I got a record for, and have been an actual settler for nearly seven years, and expended over five thousand dollars, as a townsite. My place, as you may know, is not affected by overflow, being high land and above the highest water. My record was recalled but I was an actual settler on the land in the fall of 1884, so that even if my place was affected by overflow I was entitled to it, as the second agreement of Mr. Grohman was not in force at that time. Of course, you know, sir, the value one puts on their home, no matter how humble, and we have of course depended entirely on the assurance of the Gold Commissioner at that time when he returned my record receipt, that we would have the prior right. As Mr. Grohman has no idea of ever completing his contract, which every man in the West Kootenay can corroborate, but is simply trying a speculative scheme, I think your honourable Government should not allow a party of his kind and reputation to drive off or keep off any intending settlers. I have my place under cultivation, and, as I said before, expended a large amount of money on it. He says he has a right to it even before he com-

pletes his work, and as I understand it he does not get title until he does. I am ready at any time to complete my pre-emption, and can bring in fifty settlers to do the same on other lands here, but of course Grohman's assumption and threats are keeping people off. I hope you will not allow him to do as he threatens, as I think if you understood my case thoroughly you would not allow him to do it. I did not take up my place as a speculation but simply as a home.

I am, &c.,
(Signed) J. C. RYKERT, Jr.

P.S.—He also wants to collect money on wild land hay I have cut. Can he do it?

KOOTENAY LAKE, B.C., Sept. 13th, 1890.

Hon. Chief Commissioner of Lands and Works,
Victoria, B.C.

SIR,—Has Mr. Baillie-Grohman the right to drive me off my place, which is land not affected by overflow, and on which I have been an actual settler since 1884, and have expended over four thousand dollars in improvements? He threatens to come and lay it out in a townsite before he has done anything to fulfil his contract with you, and has given me notice of same, and also wants pay for hay cut on the swamp lands. It is going to drive every settler off, or any intending settlers out of the country if it is so. Probably you are aware he has not, nor does he intend to do anything that will at all benefit this part of the country, but just make believe, as he has done in everything he ever took hold of, so as to make something on a pure wild cat scheme, and the contract he let the other day was nothing more than a farce, as nominally others got it, but really he is the man, and it shows he does not really intend any actual work. Mr. Vowell will explain how my land is situated, and how very unjust it would be to me if I had to leave all my improvements, &c., as I am and always was very much attached to my home, and was the first white settler in the valley, and my wife the first white lady. Hoping you will look into my case and answer favourably to me, as I am ready at any time to complete my pre-emption, which I could not do before on account of the Commissioner (Gold) not knowing whether my land was reserved or not. Mr. Farwell, and Mr. Busk, and Mr. Vowell all are well aware my land is high, rocky land. I will not say what a great injustice it will be to me, as I fully expected I would have the prior right to it.

I am, &c.,
(Signed) J. C. RYKERT, Jr.

VICTORIA, B.C., Sept. 19th, 1890.

SIR,—I have the honour to acknowledge the receipt of your letters of 12th and 13th inst., protesting against Mr. Grohman being allowed to interfere with certain lands upon which you have settled.

In order that you may be possessed of correct information relative to the matters you refer to, I enclose a copy of Mr. Grohman's agreement with the Government, and also a copy of notice published in the British Columbia Gazette, and dated 13th August, 1884, reserving the lands in question from sale or settlement.

The only use that Mr. Grohman can make of any of the "Lands B" is to place bona fide agricultural settlers upon them. (*See* clause 16.) He has had no authority to survey any of the lands into town lots or to sell any such lots, and he certainly cannot collect any moneys for wild hay cut on said lands.

With respect to your own position, you are merely a squatter upon lands which were not and are not open to pre-emption or sale, and which are included within the area embraced by "Lands B."

I have, &c.,
(Signed) W. S. GORE,
Surveyor-General.

J. C. Rykert, Jr., H.M. Customs,
Kootenay Lake, B. C.

NELSON, B. C., Boundary Line,
September 13th, 1890.

The Hon. the Chief Commissioner of Lands and Works,
Victoria.

SIR,—I beg leave to lay before you the following details of an occurrence connected with the carrying out of the surveys of "Lands B," with the request to inform me how I am to proceed. In the reserve of August 13th, 1884, there is included in "Lands B" a strip of land not subject to overflow, and therefore very particularly described both in my agreement with your Government and in the reserve. On this piece of land, which commences on the east bank of the Kootenay River, where the boundary line intersects it, the Dominion Government have established a Custom House. Their officer, Mr. J. C. Rykert, Jun., who has been residing there since 1885 as Custom House officer, now claims that he has pre-empted 320 acres of this specially reserved land, an assumption which is entirely false. Yesterday when I informed him that my surveyor, Mr. T. McVittie, was about to commence the surveys of this piece of land, he informed me that he would not permit such surveys, and in a very boisterous (to say the least) manner told me that he would use force if the surveyor came on *his* land. When I pointed out to him very quietly that he had no right whatever to the 320 acres, he told me that if he had no right as a pre-emptor he would exercise the same threats of violence to my surveyor on the strength of 10 acres having been reserved for the Dominion Government for a Custom House, and that "he would throw the surveyor over the fence if he dared to put foot on the land." I withdrew after pointing out to him the folly of such threats, be they made in the character of a citizen or of a Dominion Government official. I now beg to request that you will cause such steps to be taken as will enable Mr. T. McVittie to survey the land reserved to us without any fear of violence, and also to inform me whether such a 10-acre reserve has been made by your Government at this spot. I have never received any information on this head, and if I had I certainly would have taken the first opportunity to point out to you that on account of the natural configuration of the ground at this spot, ten acres would take in the very pick of the whole 2,500 acres which is reserved for us at this point. Surely a Custom House and private residence does not require 10 acres! In connection with the pre-emption of the 320 acres by Mr. Rykert, I may add the following particulars: In 1887 or 1888 he made an application to pre-empt this area to Mr. Vowell who, not being aware that it was included in the reserve (a fact of which Mr. Rykert was perfectly well aware of, for I gave him written notice to this effect in 1885 and 1886), accepted the application. On my complaining to Mr. Vowell of this circumstance he at once cancelled Mr. Rykert's application and returned him his money, Mr. Vowell's letters to me to this effect being in my possession, and from them I gathered that he informed Mr. Rykert that the land was under reservation and could not be dealt with. I have laid Mr. Rykert's conduct before the Hon. the Minister of Customs to be dealt with as he may think fit from the standpoint of a Dominion officer, and I now beg to do the same as regards your Government, pleading for due protection for the company's employés while they are carrying out a stipulation of the contract with your Government. Were it not that my reclamation works are just now requiring my constant presence I would repair at once to Victoria, for I consider that a grave outrage has been perpetrated by Mr. Rykert. I hope to reach Victoria in the course of the next two weeks.

I have, &c.,
(Signed) W. A. BAILLIE-GROHMAN.

VICTORIA, September 19th, 1890.

SIR,—I have the honour to acknowledge the receipt of your letter of the 13th inst. having reference to the carrying out of the survey of "Lands B."

In reply I beg to say that the law provides for the protection of a surveyor in the discharge of his duties. Enclosed I send you copies of statutes bearing on the matter.

I am not aware of any reservation of 10 acres having been made for Customs purposes.

Mr. Rykert has been in occupation of this land so long that he should be entitled to consideration when the lands are being dealt with.

I have, &c.,
(Signed) W. S. GORE,
Surveyor-General.

W. A. Baillie-Grohman, Esq.,
Manager Kootenay Valleys Co.,
Nelson, B. C.

VICTORIA, B. C., September 18th, 1890.

SIR,—I am instructed to request you to ascertain precisely what the Kootenay Valleys Company have done this season towards the fulfilment of their agreement with the Government for the reclamation of overflowed lands situated on the Kootenay River, between the international boundary and Kootenay Lake.

Have they commenced and are they diligently prosecuting the work of widening and deepening the outlet of Kootenay Lake at the rapids and the narrows, or at any other point?

Have they commenced the survey of the overflowed lands above referred to?

You will be good enough to make enquiries and to satisfy yourself from a personal inspection, where possible, and report fully in order that the Government may be in possession of reliable information as to whether the agreement is being carried out in good faith, or only in a colourable manner.

I have, &c.,
(Signed) W. S. GORE,
Surveyor-General.

T. H. Giffin, Esq.,
Recorder, Nelson, B.C.

NELSON, B. C., October 18th, 1890.

SIR,—I have the honour to state for your information that two survey parties are now at work surveying land between Kootenay Lake and the boundary line for the Kootenay Valleys Company; they commenced the survey about the 15th of September last.

On the 18th September W. A. Baillie-Grohman let a contract for widening the channel of the Kootenay River at the rapids, about two miles below Nelson. Work was commenced under said contract on the 28th of September, and is being pushed rapidly forward.

The work to be performed under said contract will amount to about $16,000.

I have, &c.,
(Signed) T. H. GIFFIN.

W. S. Gore, Esq.,
Surveyor-General, Victoria, B.C.

VICTORIA, B.C., October 28th, 1890.

SIR,—I have the honour to acknowledge the receipt of your letter of the 18th instant, stating that two survey parties are now at work surveying land between Kootenay Lake and the boundary line for the Kootenay Valleys Company, and that on the 18th September Mr. W. A. Baillie-Grohman let a contract for widening the channel of the Kootenay River at the rapids, about two miles below Nelson.

I have, &c.,
(Signed) W. S. GORE,
Surveyor-General.

T. H. Giffin, Esq.,
Recorder, Nelson, B.C.

VICTORIA, B. C., September 30th, 1890.

The Hon. the Chief Commissioner of Lands and Works,
Victoria.

SIR,—I have the honour to acknowledge the receipt of a letter from the Surveyor-General, dated the 19th inst., regarding a claim of Mr. J. C. Rykert to a portion of lands "B" reserved to us on 13th of August, 1884. I beg leave to point out to you that Mr. Rykert has built a house and office on a small portion of the land he claims, but he did not do so in the character of a settler, but in that of a Government official, paid by the Government to reside at that precise spot as a Custom House official. Inasmuch as I understand that the Dominion Government have or will apply to your Government to make a reserve at the boundary line for Government use of a piece of land sufficient for the Custom House official residing at that

place, Mr. Rykert will necessarily remain undisturbed so long as his office continues. Mr. Rykert, I beg to point out, has had repeated notices that the land he now claims has been reserved (for a period anterior to his first arrival) for the benefit of this Company, and I hold an official communication from Mr. Vowell, of 16th January, 1888, to me to the effect that he has informed Mr. Rykert that he could not pre-empt or hold this land, as it was reserved to this Company. The land he claims is part of the 2,500 acres (more or less) particularly specified in the schedule of the agreement with your Government. This land is not subject to overflow, and is, therefore, purposely exempted from the conditions of reclamation which governed those of "Lands B" which are subject to overflow (*see* clause 14, line 5). By clause 16 the Chief Commissioner covenants to issue Crown grants for all or any parts of "Lands B" to the Company, or its assigns, at the rate of $1 per acre, and in quantities of 480 acres for each bona fide resident settler, and there is no doubt whatsoever in the minds of the Company's legal advisers, both here and in England, that as soon as these 2,500 acres are surveyed and there are resident bona fide settlers on the land to be acquired, we have plainly the right to obtain Crown grants for 480 acres for each bona fide resident settler. A portion of this overflowed 2,500 acres we desire to acquire as soon as possible. It has just been surveyed, and the notes will reach your office very shortly, when I shall be prepared to make the necessary affidavit as to resident bona fide settlers, which was the course the late Honourable Mr. Smithe informed me would have to be pursued to acquire grants. With your leave I take this opportunity to bring another matter before your notice, the right this Company has of preventing trespassers from cutting hay on any portion of "Lands B." Clause 18E was framed with this distinct object in view; the late Honourable Mr. Smithe and the late Honourable Mr. Davie assuring me that as soon as the canal would be completed to the satisfaction of the Government our rights to the overflowed parts of "B" would, until its reclamation (which is now being carried out) could be completed, be protected, and that the Company's position regarding these lands would be similar to those of a pre-emptor who has paid his first instalment and who by such payment has acquired the right to warn off trespassers. The latter part of clause 18E provides: "In the event of the said completion of the canal as aforesaid, the said $7,054 shall be considered as parts of the purchase money of the 'Lands B' which the said Company shall, upon fulfilling the several provisions and conditions herein contained, have the right to acquire," the said conditions and provisions being in spirit the same by which a pre-emptor is governed. One object of this clause was to do away with the necessity of the Company continuing the lease granted to it by your Government in 1883. (I enclose receipt of our first payment against this lease). As it was thought to be fair that in view of the much increased cost of making the canal a navigable one with locks (which had to be done owing to the objections raised by the Dominion Government), this Company should derive the advantage of having the use of "Lands B" until such time as either the Company should obtain a title, or the agreement be cancelled in consequence of our failing to construct the canal. If, therefore, the engagement entered into by your Government is to be carried out our right to prevent trespassers from cutting hay on "Lands B" should be recognized.

I have, &c.,

(Signed) W. A. BAILLIE-GROHMAN,
Man. Dir. Kootenay Valleys Co. (Ld.).

GOVERNMENT OF BRITISH COLUMBIA.

VICTORIA, 10th December, 1883.

Received from W. A. Baillie-Grohman the sum of one hundred dollars, being first annual payment of rent as provided by the terms of a lease of certain lands in Kootenay District, dated 10th December, 1883.

(Signed) W. S. GORE,
Surveyor-General.

VICTORIA, B.C., November 22nd, 1890.

Honourable Chief Commissioner of Lands and Works.

SIR,—I have the honour to confirm my letters of 29th and 30th of September, the receipt of which have not been acknowledged by your Department, and I beg to hand you enclosed sworn field-notes of the survey of a portion of "Lands B" (to which I referred in my last letter) containing 252 $^{25}/_{100}$ acres. This land is timbered foot hill land not subject to overflow, and forms part of that piece of land containing 2,500 acres, more or less, especially described in the schedule of "Lands B." To conform with the procedure the late Honourable Mr. Smithe laid down as governing our acquisition of Crown grants, I beg to hand you enclosed an affidavit made by me that the land for which I now apply for Crown grants is (1) not subject to overflow, and (2) that Mike Driscoll, hotel-keeper, is a bona fide resident settler on a portion of it. I beg that the Crown grant for it be made out in my name. Clause 18E, part second, provides that in the event of the completion of the canal in accordance with the agreement the $7,054 paid by us to your Government on 16th of April, 1886, shall form part of the purchase money of "Lands B," it being verbally understood at the time of the payment that the first 7,054 acres of "Lands B" conveyed to us should be granted free, while the rest should be paid for at the full rate of $1 an acre, the uncertainty respecting the quantity of "Lands B" until it is all surveyed, making it impossible to say exactly what pro-rata proportion the $7,054 would represent. I may say that from the surveys now being carried on during the last three months the acreage will fall a good deal short of the approximated areas in the schedule.

In my letter of the 30th of September I had the honour to draw your attention to the manifest injustice of the present condition of affairs respecting those of "Lands B," upon which we are now expending large sums in reclamation works. The late Chief Commissioner, as well as the late Attorney-General, assured me very positively that our rights to "Lands B" after completion of the canal would, during the continuance of the agreement, be exactly the same as those of the ordinary pre-emptor who like ourselves has paid a given proportion of the purchase money down, thereby securing for a given time the right to prevent others from entry or trespass upon the lands. We had in 1883-4 a lease of these "Lands B," for which we paid an annual rent of $100, with the option of purchase within 10 years at $1 an acre. We gave up this lease voluntarily at the request of the Honourables Mr. Smithe and Mr. Davie, who both thought that the agreement which was substituted for it a simpler and fairer one to the Government as well as to ourselves, but to make it so the provisions made therein should also be carried out. I am referring here more particularly to the action of trespassers on "Lands B," who in spite of due notice being given them, continue to cut hay, fell trees, build houses, put up fences, and disport themselves generally as the owners. They do this with what appears to be the direct sanction of your Department. I am referring to a letter signed by the Surveyor-General, addressed to the chief trespasser upon "Lands B," Mr. J. Rykert, Jr., in which it is officially stated that I cannot prevent persons cutting hay on these reserved Crown lands. Now, I ask as a matter of common justice, is this carrying out the provisions of the agreement? Are the $7,054 we paid to your Government not part of the purchase money for "Lands B," and if so why should this payment give other persons the right, to the exclusion of ourselves, of entering upon and in spite of your Government Reserve which was placed upon the land for the purpose of protecting us, reap advantages to obtain which we have and are spending large sums of money. By clause 16 we can only acquire the reclaimed lands by placing settlers on it, and now I beg to submit to you the question, how are we to place settlers on the land when by the above letter we are prevented from giving them any security against trespassers who can come upon the would-be settler's land, occupy his house, and cut and sell his hay without our being able to prevent it. If we are to place settlers we must be able to assure them of undisturbed possession until we can give them a title on completion of our reclamation works. This assurance of protection we can only afford them if our rights to the reserved lands be acknowledged to be those granted to every pre-emptor upon the payment of his first instalment. If instructions be given to the Assistant Commissioner, Mr. Tunstall, to inform the public of the Company's rights to "Lands B" during the duration of the agreement we will have no difficulty whatever in placing settlers on the land, as I have had quite a number of applications from persons who, on subsequently observing the defiant position assumed by Mr. Rykert on the strength of the above letter from the Surveyor-General, refused to have anything to do with my Company, and simply followed Mr. Rykert's example in going upon the

land and acting as if they were the owners of it. Mr. Rykert, as I have pointed out in my letter of the 30th of September, is no settler upon "Lands B;" he is a Dominion Government Customs official, well salaried for stopping on the spot, and your late Assistant Commissioner for Kootenay District, Mr. Vowell, refused to accept his application to pre-empt or purchase. It may be perfectly true what Mr. Rykert constantly throws in one's face that the Surveyor-General of the Province is his greatest personal friend, but I am confident that neither that gentleman nor anybody in your Government proposes to do us such grievous injury as I have pointed out.

I have, &c.,
(Signed) W. A. BAILLIE-GROHMAN.

COUNTY OF WEST KOOTENAY, BRITISH COLUMBIA. } TO WIT:

I, the undersigned, W. A. Baillie-Grohman, make oath and sweareth that the 252.25 acres of "Lands B," situate at a point where the Kootenay River crosses the International Boundary line, and of which the accompanying field-notes and plan made by T. T. McVittie show the exact position, is:

(1.) Land not subject to overflow;

(2.) That Mike Driscoll, hotel-keeper, is a resident bona fide settler on the said portion of "Lands B."

Sworn before me at Nelson, B.C., this eleventh day of November, A.D., 1890.

(Signed) HAROLD SELOUS,
J.P. and Notary Public.

VICTORIA, B. C., November 24th, 1890.

The Honourable Chief Commissioner of Lands and Works.

SIR,—I have the honour to apply to you, on behalf of myself and of the Kootenay Valleys Company, for the sanction of your Government to the transfer from us to the *Alberta and British Columbia Exploration Company (Limited)*, of 2, Suffolk Lane, London, of that portion of the agreement of 30th of October, 1886, under which we are at present working, which relates to those tracts of land described in the schedule of the said agreement as "Lands B." We desire to transfer this part of the agreement in order to raise fresh capital to carry out the reclamation work relating to "Lands B," and the above new Company with a capital of £20,000 has been formed for this purpose, and is now carrying out the said reclamation works under my management. As the two Companies are entirely separate concerns it becomes desirable to separate the two undertakings embraced by the said agreement of the 30th of October, 1886. In the deed of transfer the Alberta and B.C. Exploration Company undertakes to carry out all the conditions and to take over all the liabilities and engagements respecting the reclamation of "Lands B" provided for in the agreement with your Government, and I am desirous to obtain as a matter of form for my Company your Government's sanction to the transfer, with freedom from any liability, restriction or condition imposed by the said agreement in respect of "Lands A" or the Canal. To make this sanction valid it would be necessary to pass an Order in Council to this effect.

I have, &c.,
(Signed) W. A. BAILLIE-GROHMAN.
Man. Director Kootenay Valleys Co. (Limited), and
Manager Alberta and British Columbia Exploration Co. (Limited).

VICTORIA, B. C., December 2nd, 1890.

W. A. Baillie-Grohman, Esq.,
Managing Director, Kootenay Valleys Co.,
City.

SIR,—I have the honour to acknowledge the receipt of your letters of 29th and 30th September, and also of 22nd Nov., together with field-notes of the survey of 252 acres of land which forms a portion of the 2,500-acre tract, "Lands B."

With respect to your request that a Crown grant may issue to you for the lands embraced by this survey, I have to inform you that you will not be entitled to a Crown grant of any of "Lands B" until after you have fulfilled the several conditions and provisions embodied in your agreement with the Government. So far as I know, you may never fulfil those conditions, and if so you will never have the right to acquire these lands.

The efforts made by you to carry out the covenants of the agreement being so far of a colourable nature, I must positively decline to accede to your request.

Referring to your remarks charging the Department with sanctioning the action of trespassers on "Lands B," I can merely say that the Surveyor-General's letter of 16th September last to Mr. Rykert, the only one which has been written, cannot possibly be construed in that manner. It is a proper official reply to Mr. Rykert's inquiries. I am not aware that you have any authority to prevent persons cutting wild hay upon these reserved Crown lands. It is certainly much more desirable that settlers should cut such hay as they require than that the hay should go to waste as it otherwise would.

I may add that these small matters which seem to occupy so much of your attention do not tend to accelerate the large works you have undertaken to carry out with all diligence.

I have, &c.,

(Signed) JNO. ROBSON,

Acting Chief Commissioner of Lands and Works.

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46 QUEEN VICTORIA STREET,
LONDON, ENGLAND, December 31st, 1890.

Honourable the Chief Commissioner of Lands and Works,
Victoria.

SIR,—In reply to your letter of 2nd inst., I have the honour to state that I have fulfilled the several conditions and provisions set forth in the agreement of 30th October, 1886, with your Government, governing the acquisition of Crown grants for all any portion of the 2,500-acre tract embracing the 252 acres for which I have applied. To make the position clear I beg to draw your attention to—

1. The 252 acres I have applied for is land *not* subject to overflow, as is set forth in my affidavit. It is rolling foot-hill land, many score of feet over the level of the river; it is, therefore, land quite unaffected by the reclamation scheme.

2. The agreement specifically draws a distinction between lands subject to overflow and lands not subject to overflow, where in the preamble to "Lands B" scheme it says: "With reference to the scheme for reclaiming from overflow *such of the "Lands B" as are* now unfit for agricultural settlement."

3. Clause 16 very plainly sets forth that no other condition than that of settlement governs the acquisition of Crown grants for any portion of "Lands B," for the Chief Commissioner covenants and agrees to issue Crown grants at $1 an acre within 10 years *for all or any part* of the said "Lands B" on the condition, and *alone* on the condition, that settlers shall be placed in certain given proportions on the said "Lands B." I am prepared to prove from official correspondence of the late Chief Commissioner that he did not desire to make the extent of the reclamation have anything to do with the acquisition of Crown grants by us. The reclamation was to be our business, and our business alone, the satisfactory working of the reclamation scheme being best proved by the fact that persons became *resident bona fide settlers* on land hitherto quite unavailable for agricultural settlement on account of summer overflow, as this land was shown to be by the official report of the two Commissioners specially sent by Hon. Mr. Smithe to examine the scheme before the agreement with me was concluded. In your letter of 2nd inst. you do not give any valid reason why Crown grants for this *un*overflowed land should be withheld in violation of the agreement your Government has entered, for to the one reason you give, *i. e.*, that "the efforts made by me to carry out the agreement being so far merely of a *colourable* nature," I beg to give a most emphatic and indignant denial. You appear to rest under some misapprehension respecting the personelle of this Company, so that I beg to point out to you that before giving official expression to such an unwarranted aspersion upon a Company of which Sir John Colomb, M.P., is the chairman, and Sir Henry Werre, K.C.B., and Dr. Rae are directors, more reliable information respecting this Company's doings should have been collected. There is nothing *colourable*, so far as this

board understands that word, in spending, as I am prepared to substantiate on oath and by production of vouchers, over $100,000 in constructing a canal, and over $12,000 (twelve thousand) to date on the reclamation works, *exclusive* of the $7,054 paid to your Government against this land. A much larger sum will have been spent by me by 15th April next on the reclamation works, as the contractors, Messrs. Selous & Lewis, have still to excavate over 10,000 cubic yards at one point alone before that date.

I have, &c.,
(Signed) W. A. BAILLIE-GROHMAN.

46, QUEEN VICTORIA STREET,
LONDON, 24th January, 1891.

F. G. Vernon, Esq.,
Chief Commissioner of Lands and Works,
Victoria, British Columbia.

SIR,—I beg to give you notice on behalf of this Company that by agreement dated the 8th of August, 1890, this Company has agreed to transfer all its interest in the concession of "Lands B" granted by the Government of British Columbia to the Kootenay Syndicate on the 30th October, 1886, to another London Company, named the Alberta and British Columbia Exploration Company, with a capital of £20,000, the registered office of which is Messrs. Renshaws, 2 Suffolk Lane, London.

This agreement was of a preliminary nature, and counsel has been instructed in London to prepare a definite assignment with the proper covenants, which will provide for the carrying out of the works which will come before you in due course when executed.

On the strength of the agreement, however, the Alberta Company is, I am informed, actively proceeding with the works under the concession.

I beg to remain, &c.,
(Signed) ARTHUR FELL,
Solicitor for the Kootenay Valleys Co.

[TELEGRAM.]

REDHILL, February 7th, 1891.

To Chief Commissioner Vernon, Victoria.

Please defer transfer; difficulty with Company. Am writing.

GROHMAN.

NUTFIELD, SURREY, February 7th, 1891.

Honourable the Chief Commissioner of Lands and Works,
Victoria.

SIR,—I have the honour to confirm the cable I sent you to-day: "Please defer transfer of 'Lands B' till my arrival; am writing to-day." In explanation I beg to inform you of the following circumstances, as difficulties have arisen between the Kootenay Valleys Company and myself. From the official copy filed with you of the agreement made in 1887 between the Kootenay Valleys Company and the Kootenay Syndicate you will see that the former Company covenants and agrees *that it will execute and carry out all the conditions of the said concession as fully and completely as the Syndicate agrees with the Government to do.* Owing to the canal costing much more than was anticipated, the Kootenay Valleys Company have not had the funds to carry out the conditions respecting "Lands B" imposed by the concession, and as holder of the original concession of December 10th, 1883, and in order to avoid cancellation, I have been compelled to carry out the necessary surveys and reclamation works with my own funds. This money the Kootenay Valleys Company is unwilling or unable to refund to me, and as the reclamation works now being carried on in Lower Kootenay are paid for, and will continue to be paid by me, I claim that the rights respecting "Lands B" have reverted, by non-fulfilment of covenant, to the Kootenay Syndicate and myself, of which fact I beg to give you official notice. On my early return to Victoria I shall be glad to furnish you any proof you may require by vouchers or sworn statements.

I have, &c.,
(Signed) W. A. BAILLIE-GROHMAN.

2, SUFFOLK LANE,
LONDON, E. C., 29th January, 1891.

The Hon. F. G. Vernon,
Chief Commissioner of Lands and Works,
British Columbia.

KOOTENAY CONCESSION LANDS "B."

DEAR MR. VERNON,—Since I had the pleasure of talking with you about this in London, we have had Mr. Grohman over here, and I believe he went to see you in Ireland, but he has not communicated to us anything that passed at that interview.

As you know, the Alberta and British Columbia Exploration Company, of the Board of which I am Chairman, agreed to buy "Lands B" of the Kootenay Valley Company, and to carry out the works necessary to be done under the concession, subject to the sanction of the Government of British Columbia being obtained to the transfer. The Alberta and British Columbia Exploration Company also wished to make some modifications in the concession, which seemed to us reasonable and proper, and which we instructed Mr. Grohman to bring forward formally to your notice when he applied, as our agent, for the Government sanction to the assignment. For one reason and another, Mr. Grohman never seems to have applied for this sanction; but my Company, at his urgent request, supplied him with funds up to £2,000, for the purpose of prosecuting the works under the concession, which he considered it desirable, and even essential, to commence and prosecute last autumn. So far, we have been entirely led and advised in this matter by Mr. Grohman, through whom we first heard of this business, and at whose instance we went into it originally.

We are acting in perfect harmony with the vendors to us, namely, the Kootenay Valley Company, who are anxious and willing to carry out their contract with us, and we are prepared to undertake the work and do our best to carry it along to a successful end, but we are not prepared to go on, as Mr. Grohman seems to wish us to do, blindly following his lead, and without taking such precautions as to our title, and such professional advice as to the works, as seem to us prudent and proper.

It was obvious, as the business went on, that it was impossible for Mr. Grohman, who had various personal interests involved, to continue to act both for the Kootenay Valley Company and ourselves, as our agent, and both companies have now broken off relations with Mr. Grohman.

I enclose you herewith a memorandum of points in the concession which we wish modified, and, if consistent with practice and propriety, we shall be glad if a new concession in respect of "Lands B" could be granted by your Government, free of any reference to "Lands A," and incorporating the points referred to in our memorandum.

So soon as the spring season opens we will have an agent on the spot, fully authorized to carry through and complete the proposed works, and to act in any negotiation with the Government which is necessary. Meantime, Messrs. Bodwell & Irving, of Victoria, are acting in protection of our interests.

I think you may rest assured my Company will not enter into any engagement which it does not see its way to carry through promptly and efficiently.

Believe me, etc.,
(Signed) A. G. RENSHAW.

P. S.—Since writing the above, I have spoken to my friend Mr. G. Alexander, who is over here, and he will accept the mission and hold our power of attorney. The papers and data relating to the proposed works I am laying before our leading engineer in this country on such questions. (Initialed) A. G. R.

[ENCLOSURE.]

THE ALBERTA AND BRITISH COLUMBIA EXPLORATION COMPANY, LD.

Suggestions as to New Concession, in place of that dated October 30th, 1886.

1. The concessionaire to be the Alberta and British Columbia Exploration Co., Ld.
2. The concession to be granted by private Act. In any case, sec. (*i*) of clause 18 of the old concession should, we think, be eliminated, as casting an unnecessary slight upon the title.
3. The concession to be granted in respect of "Lands B" only, omitting all reference to "Lands A" and the canal.

4. The concession to run for ten years from a specific date, say November 1st, 1889, the date named in the old concession for the commencement of surveys of "Lands B."

5. It should appear in the new concession that, the canal having been finished, the Alberta Company, as owners of "Lands B," are entitled to credit in account for the whole of the sum of $7,054 referred to in the old concession.

6. The Indian reservation having been selected, its exact area and location should be defined; also that of the "school lands." "Lands B" should also be freed from the contingent right reserved under clause 12 of the old concession, for making up deficiencies in the Upper Kootenay Indian Reservation.

7. The clause as to settlers should be omitted or modified, as it may be found that settlers prefer to congregate together in a town, instead of residing in a number of small farms. The term "bona fide resident settler" should be defined, as it might be held not to include storekeepers, railway agents, clerks, and the like.

8. The Company should have the power to reclaim the lands not merely "by widening and deepening the outlet of the lake," but by dyking or by any other process they may be advised to employ, and their rights should enure if work is partially successful.

9. Some compensation should be provided for in case the concessionaires are forced to suspend the operations they have commenced at the "Rapids" and "Narrows" (through popular outcry, Government interference, or the like). There is no obligation to keep the "West Arm" in a navigable condition (indeed, it might suit our purpose to create a rapid current, so as to carry away the débris), and it would be a great hardship if works were hindered or stopped by any political agitation.

London, 29th January, 1891.

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46 QUEEN VICTORIA STREET,
LONDON, February 18th, 1891.

Hon. F. G. Vernon,
Chief Commissioner of Lands and Works,
Victoria, British Columbia.

SIR,—I am instructed by the Directors of this Company to inform you that Mr. Baillie-Grohman has ceased to be their Managing Director, and his power of attorney has been cancelled.

I am also instructed to inform you that Mr. George Alexander, of Calgary and Golden, has been appointed Manager of this Company in British Columbia, and he will sail, I believe, next week, armed with full power of attorney to represent the Company and carry on its works under the concession.

I have, etc.,
(Signed) ARTHUR FELL,
Secretary.

NELSON, B. C., February 21st, 1891.

SIR,—I have the honour to report, in accordance with a resolution passed by the Kootenay Reclamation Committee, *re* works done by the Kootenay Valleys Company in connection with the reclamation of the "B Lands," under agreement of 7th October, 1888.

As Mr. Harold Selous has done the work in connection with the reclamation of said "B Lands," I requested him to give me a statement of work done. I enclose herewith his letter to me (in answer to my request) in which he gives particulars of the work done, and to be done, by him. There has been no excavation work done at the Narrows, and no contract let for doing any, the work as stated in Mr. Selous' letter (enclosed) is the whole of the work done in connection with the reclamation of said "B Lands."

Selous & Lewis' contract calls for the excavation (at the rapids below Nelson) to be taken down to low water mark.

I have, &c.,
(Signed) T. H. GIFFIN.

Colonel Baker, M.P.P.,
Chairman, K. R. Committee,
Victoria, B. C.

NELSON, B.C., 20th February, 1891.

T. H. Giffin, Esq.,
Recorder, Nelson.

DEAR SIR,—In answer to your inquiry as to what work I have done for Mr. W. A. Baillie-Grohman, or his Company, I beg to reply as follows:—

In November and December, 1889, I, with T. C. Collins, cut and slashed timber and brush at the "Narrows." Value of work, $100. In May and June, 1890, I built a boarding-house and bunk-house on the point above the rapids, two miles below Nelson. Value, $400.

In September, 1890, I, with T. B. Lewis, took a contract for the excavation of between fifteen and twenty thousand yards of loose rock, &c., at the rapids. This work is still going on, and will be completed about the middle of April next. Work at present about two-thirds completed. Total value, $14,000 to $16,000.

Mr. Grohman last fall empowered me to pay Mr. T. T. McVittie on account of certain survey work. I have paid him to date on account of one hundred miles of survey line run.

I am, &c.,
(Signed) HAROLD SELOUS.

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42 QUEEN VICTORIA STREET,
LONDON, March 3rd, 1891.

The Hon. F. G. Vernon,
Chief Commissioner of Lands and Works,
Victoria, British Columbia.

SIR,—My directors have received indirect information that a Committee of the House has been appointed to examine into the question of the concession granted to Mr. Baillie-Grohman and assigned to this Company. We have also heard indirectly that certain evidence has been taken, the object being to prove that we did not prosecute the works in due time under the concession.

I am instructed to say that after the canal was completed in July, 1889, Mr. Baillie-Grohman gave orders to the surveyor to begin the works, and he came to England to confer with the directors as to the carrying out of the scheme of reclamation of "Lands B."

In April, 1890, you informed my directors that the Government considered the agreement of "Lands B" cancelled, but on May 17th, after representations and undertakings by Mr. Baillie-Grohman, Mr. Gore, the Surveyor-General, accepted the explanation and agreed to offer no objection to the Company proceeding with the reclamation of "Lands B." This the directors understood as an absolute waiver of all breaches (if any) that may have taken place prior to this date, and I know that Mr. Baillie-Grohman on the strength of this immediately proceeded to purchase plant for the works, and when the waters fell in the autumn they were actively proceeded with under the concession. Between £2,000 and £3,000 was spent on this reclamation work.

I am instructed to point out that we are perfectly prepared to meet any questions as to the due carrying out of the concession since the date of your letter (May 17th, 1890,), and to prove that we have not only proceeded far more rapidly than was contemplated by the agreement, but we shall carry the work through in, I anticipate, less than half the time provided by that agreement.

I have, &c.,
(Signed) ARTHUR FELL,
Secretary.

NUTFIELD, SURREY, March 7th, 1891.

Hon. the Chief Commissioner of Lands and Works,
Victoria.

SIR,—As I understand that a Commission has been appointed by the Legislature to examine into the conditions of the agreement between the Government and the Kootenay Syndicate and myself, I beg to hand you enclosed a statement, each detail of which I am prepared to substantiate if required, on oath, showing that since the 29th July, 1889, when

the canal was completed and the present moment, *$16,255.35* has been expended upon the reclamation works and the surveys of "Lands B," exclusive of the sum of $7,054 and £3,900 expended between the years 1882 and 1887 in connection with "Lands B." The reclamation works near Nelson have been going on all winter when the weather allowed it, and by the 15th April, 1891, by which date the contract work has to be completed, a further considerable sum will have been expended by me for "Lands B."

I have, &c.,
(Signed) W. A. BAILLIE-GROHMAN.

STATEMENT OF EXPENDITURE BY W. A. BAILLIE-GROHMAN UPON AND FOR THE CARRYING OUT OF THE CONDITIONS OF THE CONCESSION OF "LANDS B," AND ALL OF WHICH CAN BE PROVEN BY DOCUMENTARY OR SWORN EVIDENCE.

Expenditures between completion of canal on 29th July, 1889, rendering of last accounts by C. W. Busk, C. E., and Messrs. Selous & Lewis, of Nelson, B.C., the contractors, now carrying out the reclamation works, *re* "Lands B."

1889, August 13th.—Payments for commencing surveys, preparing estimates, and letting of contract (voucher, C. W. Busk's receipt).....		$	100 00
„ „ „ Payments for commencing work (voucher, C. W. Busk's receipt)			75 00
„ „ „ „ „ „ „ „			37 50
„ „ 28th „ technical report and examination,	„		110 00
1890, Erection of workmen's houses at the Rapids,	„		400 00
Between May and September: Balance for surveys,	„		25 65
Plant at Albion Iron Works (already paid $153.50),	„		195 50
Techinical work and measurements,	„		55 87
„ „	„		139 35
Plant imported from Spokane,	„		1,034 98
Other Plant,	„		400 00
Duties and transportation of plant,	„		276 31
Expenses connected with purchase,	„		24 60
Payments to T. T. McVittie, D.L.S., for surveying,	„		509 00
„ „ „	„		121 07
October 1890 to January 1891.	„		118 00
	„		100 00
	„		50 00
	„		122 43
Sent January 9th, 1891,	„		337 50
Payments to Contractors Selous & Lewis,	„		2,980 26
„ „ „ 75 % of which is already paid,	„		5,539 16
Credit to pay wages now in the hands of paymaster at Nelson			1,800 00
Payments for extra plant $216.74, less $121.07			95 67
Expenses connected with local managment, getting plant and actual cash travelling expenses, not counting salary			1,607 50
Total			$16,255 35

I certify herewith that this expenditure has been made solely for purposes connected with "Lands B," that it does not include salary for manager, nor payment of $7,054, now ranking as a payment made against "Lands B," nor an expenditure of £3,900, by the Kootenay Syndicate and W. A. Baillie-Grohman between the years 1882 and 1887, in connection with "Lands B."

(Signed) WM. A. BAILLIE-GROHMAN.

London, March 6th, 1891.

VICTORIA, B. C.:
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